CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Board Meeting Date: Tuesday, September 15, 2026

Request to Approve Project for a Sales and Use Tax Exclusion[1]

Yolo RNG LLC
Application No. 26-SM006

Prepared By: *Lindsay Guthrie, Program Analyst*

SUMMARY

Applicant: Yolo RNG LLC

Location: Woodland, Yolo County

Industry: Landfill Gas to Renewable Natural Gas

Project: New Renewable Natural Gas Manufacturing Facility (Alternative Source)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount[2]
$55,915,676	$4,752,832

Estimated Net Benefit[3]	Dollar Value	Points Earned
Estimated Fiscal Benefits	$4,506,524	948
Estimated Environmental Benefits	$3,424,716	721
Additional Benefits	N/A	30
Total	**$7,931,240**	**1,699**
Estimated Quantifiable Net Benefit	$3,178,408	N/A

Competitive Criteria Score: 155

Staff Recommendation: Approval

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[1] All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.
[2] This amount is calculated based on the average statewide sales tax rate of 8.50%.
[3] Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

THE APPLICANT

Yolo RNG LLC (the "Applicant"), formed in Delaware as a limited liability company in 2026. The Applicant is headquartered in Indianapolis, Indiana. The Applicant will capture and upgrade landfill gas (LFG) and organics-derived biogas to produce pipeline-quality renewable fuel.

The major shareholder (10.0% or greater) of the Applicant is:

- Redtail Devco LLC (100%)

The major shareholder (10.0% or greater) of the Redtail Devco LLC is:

- Redtail Renewables Holdings LLC (100%)

The company officers of the Applicant are:

- Casey Holsapple, President
- Corey Holsapple, Vice President
- Robert Morgan, Secretary

THE PROJECT

Yolo RNG LLC requests a sales and use tax exclusion ("STE") award to build a new renewable natural gas manufacturing facility located in Woodland (the "Project"). The Project will capture and upgrade renewable natural gas (RNG) produced from landfill gas and in-vessel digester biogas at the Yolo County Central Landfill. This integrated RNG facility will process both landfill gas and organics-derived biogas into pipeline-quality renewable fuel through compression, contaminant removal, moisture removal, and membrane-based and pressure swing absorption processes.

The system captures methane-rich gas from the decomposition of municipal solid waste and from in-vessel digester processing organic waste streams such as food waste and fats, oils, and greases. The resulting product is high-purity methane suitable for injection into existing natural gas pipelines for use as transportation fuel.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Blower & Inlet Conditioning System	$1,104,000
Hydrogen Sulfide/Volatile Organic Compound/Siloxane Removal System	$372,600
Feed Compressor	$5,796,000
Membrane Skid	$4,802,327
Nitrogen Removal Unit	$8,942,400
Deoxygenation Unit	$1,380,000
Sales Gas Compressor	$1,518,000
Motor Control Center	$1,620,534
Thermal Oxidizer	$1,380,000

Power Generation Equipment		$5,500,000
Equipment Foundations		$2,580,600
Interconnecting Piping		$2,390,850
Electrical		$1,707,750
Instrumentation		$910,800
Gas Interconnect		$6,900,000
Gas Handling Equipment		$9,009,815
	Total	**$55,915,676**

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline
The Project is in the late-stages of development, with some off-site fabrication started and construction expected to begin on-site in Q2 2027 following completion of final pre-construction activities. The construction phase is anticipated to last approximately 12 months. Mechanical completion is targeted for late 2027, followed by commissioning and startup activities.

Status of Permits/Other Required Approvals
The Applicant is finalizing its air permit application and expects to submit it to the Yolo-Solano Air Quality Management District in mid-October 2026. Once completed, the Authority to Construct permit is expected within 180 days.

COMPETITIVE CRITERIA SCORE

The Applicant received 155 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points).** The Application has a Project that produces an Alternative Source product, component, or system, and, therefore, 100 points are awarded.

2. **Unemployment (5 of 50 points).** The Applicant's Project is located in Yolo County, which has an average annual unemployment rate of 5.7%.[4] When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant five points.

3. **Job Creation (0 of 75 points).** The Applicant anticipates the Project will support a total of six production-related jobs at its Facility. CAEATFA estimates that

[4] Unemployment rates are based on data available in March 2026.

approximately one of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.

4. **California Headquarters (0 of 15 points)**. The Applicant does not have a California Corporate Headquarters, and, therefore, zero points are awarded.

5. **Natural Disaster Relief (0 of 50 points).** The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.

6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (50 of 50 points).** The Applicant is not eligible to use any of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, 50 points are awarded.

7. **Emerging Strategic Industry (0 of 75 points).** The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 1,699 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 721 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (948 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to $4,506,524, resulting in a Fiscal Benefits score of 948.

2. **Environmental Benefits (721 points).** The Project is anticipated to result in $3,424,716 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 721 points. These benefits derive from the production of biogas, which offsets the need for the use of fossil methane.

3. **Additional Benefits (30 points).** Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 30 Additional Benefits points.

   A. **Production Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of six production-related jobs at its Facility. CAEATFA estimates that approximately one of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.

B. **Construction Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of 10 construction jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.

C. **Unemployment (5 of 50 points).** The Applicant's Project is located in Yolo County, which has an average annual unemployment rate of 5.7%. When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant five points.

D. **Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental & vision benefits, bonuses, retirement contributions, profit sharing, transportation subsidies, and paid leave to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE

The Applicant indicated they had nothing to report for the questions contained in the Legal Status portion of the Application. Staff conducted a broad online search of publicly available sources, including SEC Form 10-K filings and OSHA records, as well as other relevant sources as appropriate, and did not find any matters affecting the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,[5] the Applicant paid CAEATFA an Application Fee of $10,000 and will pay CAEATFA a total Administrative Fee of $223,662.70 should the Applicant be approved for an award. Upon execution of the Regulatory Agreement, the Applicant shall pay $111,831.35.

RECOMMENDATION

Staff recommends the approval of Resolution No. 26-SM006-01 for Yolo RNG LLC's purchase of qualifying tangible personal property in an amount not to exceed $55,915,676 anticipated to result in an approximate STE value of $4,752,832. The initial term of the Regulatory Agreement will be for a period of five years, until September 15, 2031, and the full term shall be for a period of 12 years, until September 15, 2038, for providing annual compliance reports.

[5] California Code of Regulations Title 4, Division 13, Section 10036

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY AGREEMENT WITH YOLO RNG LLC

September 15, 2026

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Yolo RNG LLC** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed $55,915,676 over a period of five (5) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the "Authorized Signatories") are hereby authorized for and on behalf of the Authority to approve any changes to the Project that do not affect eligibility, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days for up to an additional thirty (30) days, if necessary.